

**PILOT LOCAL
GOVERNMENT
PARTNERSHIP PROGRAM**

**SUMMARY OF
ACHIEVEMENTS IN
THE AREA OF
LAND MANAGEMENT
AND DEVELOPMENT
IN PARTNER CITY
OSTRÓW WIELKOPOLSKI**

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SUMMARY OF ACHIEVEMENTS IN THE AREA OF LAND MANAGEMENT AND DEVELOPMENT IN PARTNER CITY OSTRÓW WIELKOPOLSKI

ORIGINAL OBJECTIVES IN OSTRÓW WIELKOPOLSKI

The original objectives of the land management program were to help the local government in Ostrów Wielkopolski develop a strategy for managing land resources in two broad areas:

- Stimulating more efficient land use over the whole city area
- Using communal land assets to attain various policy goals (spatial, social, housing, financial, economic, cultural, recreational, ...)

The land management strategy should be operationalized through a land management program (action plan) interacting with other programs necessary for the preparation of the so called "Studium of background conditions and directions of spatial development" (studium uwarunkowa? i kierunków zagospodarowania przestrzennego), which would contribute to the formulation of the global development strategy of Ostrów Wielkopolski.

- Housing management program
- Program for support of housing construction CHF/AWIM
- Infrastructure development program
- Industrial development program
- Program for development of green space, recreation and ecology

The land management assistance to Ostrów Wielkopolski local government was to focus on:

- Instituting and organizing monitoring of background conditions in the city
- Transferring body of knowledge in linking monitoring results with land issues
- Setting the framework for land management strategy development
- Starting the process of formulation of goals, directions, objectives and tasks
- Identifying strategy implementation instruments

TYPE, LEVEL AND RESULTS OF THE TECHNICAL ASSISTANCE

The first phase of the technical assistance program focussed on identification of issues concerning land management and linkages between these and other programs realized in the city. Meetings were held with both the political leadership (president, vice president) and the city administration (secretary, department directors). The meetings with

the political leadership helped to identify the types of land related issues, which were high on the political agenda. These were quickly identified as:

- Land management strategy as a part of the global strategy of city development
- Preparation of the Studium of background conditions and directions of land use development

The First Look into Local Land Issues

The global strategy issues were not formally required inputs and could focus on various aspects feeding into global strategy components. It required, however, that an ongoing system of updating the strategy be instituted regarding land management. In addition, the communal land asset management activities should be articulated and operationalized more vividly.

The second type of issues (Studium) formally required that the city has to satisfy before the year 2,000 by adopting a new land use plan by that date. Consequently, this was a one-time effort, which would discontinue after the adoption of a new and use plan. We agreed with the political leadership that there was a need avoid excessive emphasis on the sporadic character of the Studium effort and institute internally a systematic process of land management, which would continue feeding into strategic planning on a periodic basis. The efforts would therefore focus not only on the technical aspects but also on creating a sustainable internal system of monitoring, interpreting and contributing to strategic management process in the city. The UIC team prepared and conducted an introductory presentation of a conceptual framework for dealing with land issues in a market economic environment and emerging trends in city development. This was done for both city leadership and city professional staff.

The Second Look into Local Land Issues

The second look into land issues was obtained through a meeting with department heads and their staff. The purpose of these meetings was to identify additional issues/problems and discover sources of data and possible placement of monitoring efforts and transfer of knowledge and skills. The UIC team met with the following departments and divisions:

- Department of city development, which houses city architect, planning permits division, land surveying division, and infrastructure division (city engineer)
- Finance department dealing with property taxes
- City informatics specialist who deals with data processing
- City promotion department which promotes investments in the city

The talk with these people has made it clear that the incipient problem with the Studium was a more important concern since that was a legal requirement carried by the

City Architect. He had to deal with that problem relatively quickly and land issues were a component of that effort. The following, more practical problems were added to the list:

- Exploring possibilities for financing of land infrastructure
- Exploring ways of reducing plan interpretations uncertainties with appeals (of investors) to regional authorities
- Exploring instruments for stimulating recycling of land uses in valuable locations
- Exploring instruments for more efficient land assembly for non-residential uses
- Preparing a guide for land investors in Ostrów Wielkopolski

Against this background the UIC team presented its own views of what kind of work would be needed to prepare for the strategy development and for the Studium. These included the following tasks added to the list:

- Evaluation of local land market through mapping of values, transactions, construction activity and ownership pattern
- Evaluation of existing land uses and comparison to the existing land use plan through mapping of population density and selected employment functions
- Evaluation of public sector investment by mapping existing infrastructure and ongoing and future investments (both local and state governments)

Designing a Realistic Work Plan

The longer list of wishes was presented to the political leadership and officially approved as the "scope of ambitions". Discussions were then held within the UIC team and with the city administration in order to develop estimates of required level of human effort, time frame and financial resources for executing concomitant tasks. It was important for the city staff to examine the possibility of establishing a continuing effort, not just a one-time event. Financial and time limitations turned out as severe and decisions had to be made to cut down the ambitions to realistic levels. This did not mean that the city administration would cease to continue the effort after the intervention of the UIC team ended. The minimum level of ambitions which could not be compromised was to attain sufficient momentum for the city to continue with the effort.

The following work was included in the realistic work plan:

- Instituting and organizing of monitoring of selected land market indicators
- Instituting and organizing of monitoring of selected public sector activities
- Instituting and organizing of monitoring of land use structure

- Transfer of knowledge about land markets and their role in city development
- Transfer of knowledge about interpretation of monitoring results
- Conducting a workshop in land strategy development for politicians and staff

The city agreed to formalize the process through the establishment of Land Working Group chaired by director of city development and lead by the city architect. The group consisted also of land surveyor, planning specialist, city engineer, city promotion officer, and city informatician. Budgeting of tasks in terms of time and financial resources, including deadlines, was completed by both the city and UIC teams.

Working with Data Gathering and Interpretation of Results

The work effort was divided into two types of activities. On the one hand there was a focus on data gathering and on the other hand on transfer of skills and knowledge. The data gathering effort required discussions about how to exactly proceed with various tasks in an operational mode: who would be performing them, in what way, where and when the task would be finished. This way a realistic tasking was achieved and the UIC team was visiting periodically with the city team to review the progress and help solve emerging problems with procedures and interpretations. In the later stages more attention was shifted towards interpretation of the emerging results. Eventually, the city staff was asked to put on paper the description of the results and provide comments. This was important to institute, since in the future they will be the ones producing results and comments to the city leadership, other departments and to market participants. During the course of work the city staff developed better idea on how to organize the continuation of the work effort, so as to keep the momentum going after the UIC leaves.

The following monitoring results were prepared by the end of July 1997:

- Map of land values/prices for 1996/1997
- Map of land transactions 1992/97
- Map of construction activity 1996/97
- Map of selected land use functions
- Map of population densities
- Map of infrastructure systems
- Map of major public investments and vacant investment areas
- Map of land ownership pattern

At the same time the UIC team obtained a copy of software with the map of actual land use in Ostrów scanned in. This way the city architect has been able to work with a new tool useful in quick examination of discussed issues. The UIC team was preparing materials for the land strategy development workshop, which was held in September 1997 and lasted two days.

Workshop in Land Management Strategy Development

Workshop objectives were to use monitoring results to illustrate transfer a body of knowledge by building a conceptual framework with an audience of city politicians (executive board and city council members) and city staff from relevant departments invited to participate in the workshop. Against this framework the results of the monitoring work would be discussed and the first attempt at formulation of strategic goals, directions, objectives and tasks would be undertaken. On that background the variety of implementation instruments would be presented and discussed. The final impulse of the workshop would be the identification of tasks, which need to be operationalized through an action plan feeding into a program of land management.

The workshop started with putting into the LGPP context the work on the land module. This was followed by two lectures aimed at transferring the body of knowledge about land issues in the context of market economy and related to examples from Ostrów. It was emphasized that from the city political perspective land management problems can be linked with the ultimate dual political goals of *affordability and livability* of the city. These were linked to spatial aspects concerning distribution of population and employment, since all that is happening on land is dependent on these two broad socio-economic factors. It was observed that large part of financial problems of Polish cities stem from their excessive and wasteful (economically) dispersion of population and employment in disharmony with the market-driven land value pattern. This is manifested usually through:

- Excessive spatial dispersion
- Too many low intensity uses in prime locations
- Too much land devoted to industrial uses
- Too many industrial areas in central locations
- Too little land devoted to commercial uses
- Too little concentration of commercial uses in central locations
- Too little land devoted to residential uses
- Too much high density housing in peripheries
- Too much low intensity housing in central locations

The following materials were developed (in Polish) to assist the workshop participants in absorbing the new conceptual framework:

- Localization and Economic Development of Cities (9 pages)
- Real Estate Sector in Times of Transition (7 pages)
- Stakeholders of the Market Process and Mutual Body of Knowledge (11 pages)

The next phase of the workshop was devoted to presentation of the monitoring results put into the format of various maps (listed above) as well as data bases. The digitized image of the actual land uses in the city was presented on the computer. The city staff involved in production of these maps were presenting to the city political leadership the results of their work and providing comments useful in identifying trends and problems.

These presentations will be continued in the future and considerable discussion was devoted to the instituting of the continuation of these efforts on an ongoing basis.

While the first day of the workshop was devoted to development of common conceptual framework and to identification of important messages coming out from the monitoring effort, the second day shifted towards development of methodology helpful in designing land management strategy and its concomitant action plan. The UIC team reemphasized that land does not exist for itself, but only to facilitate employment and population. Consequently, the whole process of strategic planning for land management has to start with description of external and internal conditions, which enables the identification of strategic issues. The external conditions relate to employment and population while internal conditions relate to available resources and instruments. The identification of issues is to be followed by the development of a common vision out of which directions and objectives can be singled out. This leads on to definition of actions plan and its performance monitoring. This methodology was presented also in a written 18-page material developed by the UIC team and called "Towards Strategic Management of Land Resources for Ostrów Wielkopolski (in Polish).

The three overriding *strategic goals* in the city development strategy related to land management were identified, but still need to be confirmed by designers of the global development strategy:

- Strong economic and population growth (to reach the level of 100,000)
- More compact spatial structure within the second ring road
- More commuters settling in the city and becoming local taxpayers

Starting with these goals a number of *strategic issues* were listed as important to land management strategy:

- Changing spatial structure of the city towards more compactness first (how dense?) and only later towards extensive growth (where?)
- Increasing employment and its spatial distribution (land consumption) for industrial and commercial functions - center, ring road, peripheries
- Increasing population and its spatial distribution (land consumption) for higher and lower densities - center, within ring road, peripheries
- Relocation of undesirable uses from valuable central locations, such as garden plots, industrial uses, military uses, speedway stadium
- Where to locate industrial/distribution park
- How to assure that land supply will follow changes in land demand
- How many inhabitants and migrants can afford to build their own home
- How to assure that increasing housing costs will not exceed income growth

The discussions then shifted to designing two broad *strategic components*. One of them was to focus on *enabling of local land markets* to work more efficiently. That produced a number of important policy directions for land management:

- Reducing risk levels in the local land market
- Reducing transaction costs in the local land market
- Increasing the quantity of marketable land
- Reducing planning and permitting risk (including time delays risk)
- Preventing the creation of dead investment zones (unaffordable)
- Stimulating land disposal by "suboptimal" owners and users
- Facilitating of investment financing
- Reinforcing the trend to invest in centrally located land areas
- Reinforcing the trend to recycle garden plots and post industrial areas

The above listed policy directions need to be converted into *policy implementation tasks* which can be listed as follows:

- Monitoring system for data needed by real estate markets
- Guidebook for developers and investors in Ostrów
- Comprehensive program for land privatization as land supply management tool
- Acceleration of land title clarification process (including private properties)
- Possibility of reducing local transfer taxes and fees
- Possibility of further reduction of time delays in planning/permitting system
- Possibility of issuing credit guarantees for selected investments
- Possibility of increasing zoning precision and transparency to investors
- Possibility of stimulating relocation of industrial uses beyond second ring road
- Possibility of relocating garden plot areas beyond the second ring road
- Possibility of relocating army uses to peripheries

The other strategic direction, more oriented at land ownership activities of the city, was proposed as the *strategy of city land asset management*. The overall strategic goal in that area was defined as the effective use of city land assets in implementing the objectives of various city policies such as:

- Policy of economic development
- Land use planning policy
- Social welfare policy
- Housing policy
- Financial policy
- Sports and recreation policy
- Cultural development policy

The adoption of the above directions for the city land asset management strategy provided the background for formulating the following *policy directions* in this area:

- Attracting inbound investments to Ostrów
- Increasing spatial compactness of the city
- Securing access to affordable land for less affluent inhabitants
- Securing land for social and emergency housing purposes
- Securing land for public/private non-profit rental housing initiatives
- Securing a land bank for stabilizing open market interventions
- Securing an assembled land reserve for potential strategic future investors
- Disposing of dispersed land holdings to finance land other land assembly
- Disposing of land holdings to enhance budgetary revenues
- Disposing of land to dampen demand pressures on prices and rents

Land policy directions have suggested that a number of *implementation tasks* be undertaken by the city administration as soon as possible and constitute the first part of the actions plan:

- Further accelerating land title clarification of city property
- Creating a high priority program for disposing of most valuable centrally located land for high density infill developments (assuring their implementation)
- Preparation of land assembly action plan for the future industrial park zone
- Preparation of land disposal program for small dispersed land holdings
- Evaluating possible locations for relocating the speedway stadium (city owned)
- Preparing a land assembly program for necessary recreation functions

Having defined strategic goals, policy directions and action plan tasks the discussion shifted into possible instruments, which could be used in realizing the various tasks. Four major categories depending on their impact on land market supply and demand sides were listed:

- Instruments stimulating/increasing land supply
- Instruments discouraging/decreasing land supply
- Instruments weakening/increasing land demand
- Instruments weakening/decreasing land demand

The final selection of implementation instruments needs to answer the following questions:

- How can the instrument be applied in practice?
- Who can use the instrument?
- When can the instrument be used?
- What are the effects of the instrument use?
- How acceptable is the use of the instrument among population?
- How much does it cost to use the instrument?

CONCLUSIONS AND RECOMMENDATIONS

A number of issues became unresolved during the course of technical assistance. The participation of other stakeholders in the initial process of strategy development has not been secured. The city administration felt that gathering of inputs and data can be done internally by the city staff who could access external data sources. Investor community has not reacted to invitations for interviews with the UIC team. Consequently, the land strategy development workshop was attended solely by city politicians and inhouse professional staff leaving the wider consultation for the future.

Some of critical data for obtaining the full picture continues to be elusive. This is mostly concerned with household income statistics and spatial distribution of employment. The quality of land price statistics remains low, but has potential for improvement. Regulatory difficulties have not been analyzed due to the failure of investment advisors to show up at meetings and deliver their opinions and complaints. All these shortcomings should be kept in mind and rectified at the earliest opportunity.

The program has helped establish, through a hands-on approach, a realistic monitoring effort that has taken root in the city and will continue producing meaningful observations to be used by own urban planners, other departments and by the real estate market participants and advisors. This way a more transparent picture of the situation will emerge and enable taking more informed public and private decisions regarding land. At the same time it has advance the skills and knowledge by city staff, who gained necessary self-confidence for continuing the effort on their own.

Development of land management strategy will be subject to a more orderly process with proper sequencing of steps. First, the overriding strategic visions of the city development need to be addressed and broadly embraced by various stakeholders and expressed in employment and population goals. The adoption of goals will allow identification of strategic issues, which can be grouped into two broad strategies: (a) land market enabling, and (b) city land asset management. The strategies provide guidance to formulation of policy directions and their implementation task. Realization of these tasks needs to be put together into an action plan, which is realistic in terms of its effects and timeliness, as well as human and financial resources required.

The process of strategy development for land management in Ostrów Wielkopolski has gathered enough momentum to be self sustainable. It provides an example of good practice of optimization by matching ambitions with what is realistic the existing given human, financial and time constraints. The information produced should suffice in providing a valuable input into both the formulation of the global strategy and to the preparation of the Studium of background conditions and directions of land use development.